



**NORDISK**  
BERGTEKNIK

# Nordisk Bergteknik at glance

August, 2022



# TODAY'S PRESENTERS



**ANDREAS  
CHRISTOFFERSSON**

**CEO**

- Joined 2010
- CEO since 2016
- +20 years of experience from the sector

PREVIOUS EXPERIENCE



**SKANSKA**



**JOHAN  
LUNDQVIST**

**CFO**

- CFO since 2017
- +30 years experience in various CFO roles

PREVIOUS EXPERIENCE



**ODDBJØRN  
RØED**

*Country Manager Norway, Head of Business Segment Rock Norway*

- CEO of Vestfold since 2006
- +24 years of experience from the sector

PREVIOUS EXPERIENCE



# A LEADING PLAYER WITHIN ROCK AND FOUNDATION SOLUTIONS



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## Nordisk Bergteknik at a glance

Figures refer to 2022 Q2 LTM proforma

SEK **2,636<sub>m</sub>**  
LTM sales

SEK **165<sub>m</sub>**  
Adj. LTM EBIT

**6.7%**  
Adj. LTM EBIT margin

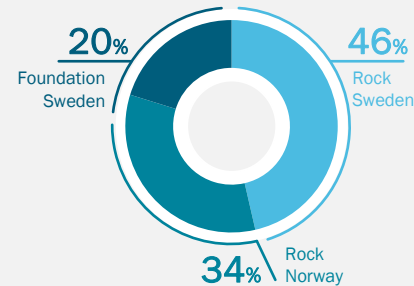
**1082**  
# of employees

**21**  
Operating subsidiaries

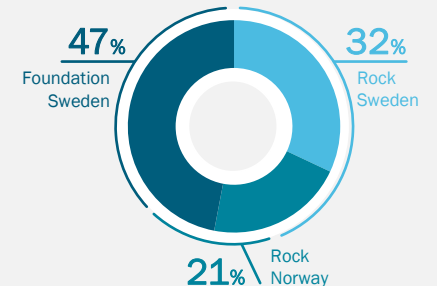
- Nordisk Bergteknik was founded in 2016 with a vision to consolidate the market for rock solutions, foundation solutions and adjacent services.
- Nordisk Bergteknik today consists of 21 operative subsidiaries and is a leading provider of rock and foundation solutions in Northern Europe with operations in Sweden and Norway and some 1,080 employees.
- Nordisk Bergteknik has extensive experience extending back to the 1960s, providing services such as drilling, blasting, rock reinforcement and tunnelling.
- ~75% of the projects carried out by Nordisk Bergteknik have end customers from public sector and exposure to residential markets is thus limited to ~25% of the projects.
- The Group pursues an active M&A agenda to consolidate the industry.

## Attractive business mix

Revenue by segment, 2021



EBIT per segment, 2021



## Strong local position in Norway and Sweden

Selection of local subsidiaries

# BROAD OFFERING WITHIN ROCK SOLUTIONS

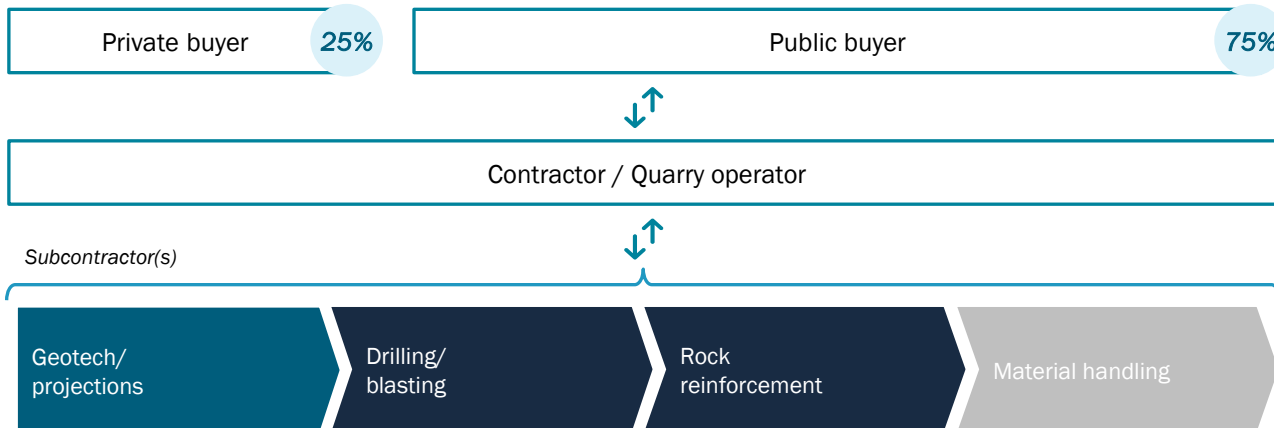
## Drilling



## Rock excavation



## Rock and concrete reinforcement



● Nordisk Bergteknik's current core competence areas    ● Partially covered by Nordisk Bergteknik

## Comments

- Extensive experience in rock solutions that extends back to the 1960s
- Leading expertise in drilling, blasting and rock reinforcement
- Carries out both smaller assignments and large projects
- Services above as well as below ground
- Strive to have a well-maintained and modern fleet to keep working environment and operational safety at the forefront of the industry



# STRONG POSITION IN THE FOUNDATIONS SOLUTIONS VALUE CHAIN



## Piling



Ensuring a stable and reliable foundation

## Foundation reinforcements

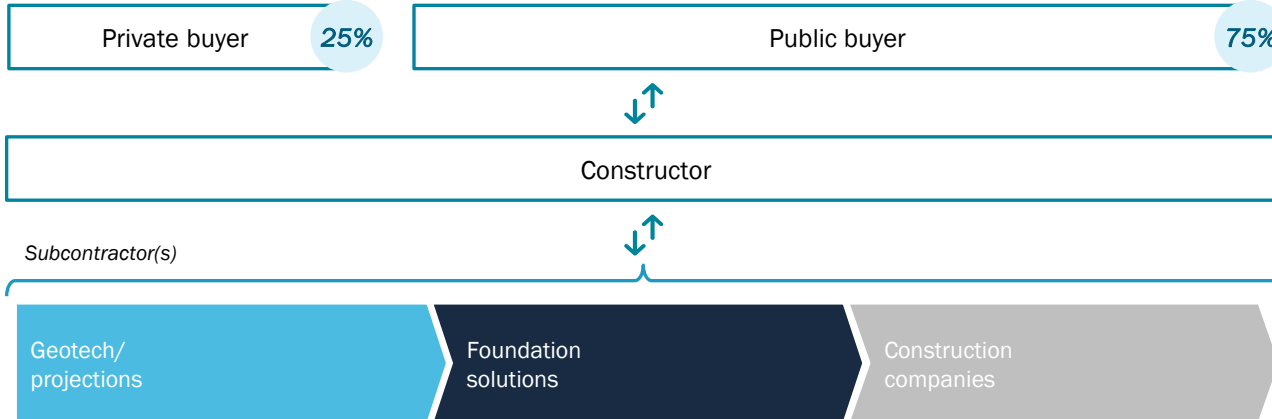


Stopping or preventing subsidence of building

## Sheet piling



Preventing water and soil from entering a construction area

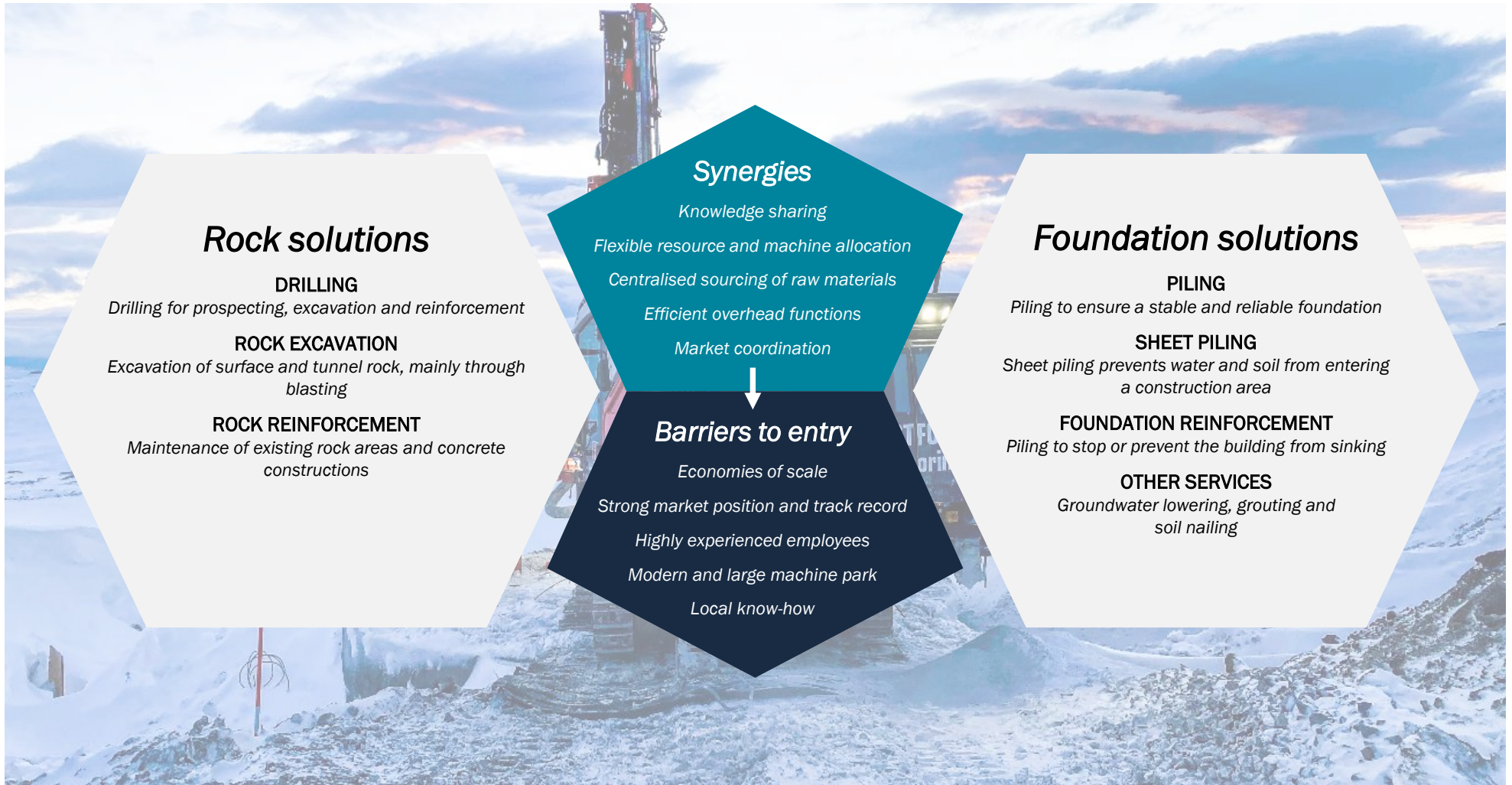


● Nordisk Bergteknik's current core competence areas    ● Potentially covered by Nordisk Bergteknik in the future

## Comments

- Secure partner offering a wide range of services within foundation solutions
- Scandinavian market leader in grouted piling and at the cutting edge in several fields of expertise such as sheet-piling and foundation reinforcement
- Fully integrated organisation with machinery and personnel in place to handle both large and small assignments

# ATTRACTIVE OFFERING WITH OPERATIONAL SYNERGIES CREATING HIGH BARRIERS TO ENTRY



# STRONG UNDERLYING DEMAND DRIVEN BY PUBLIC INVESTMENTS



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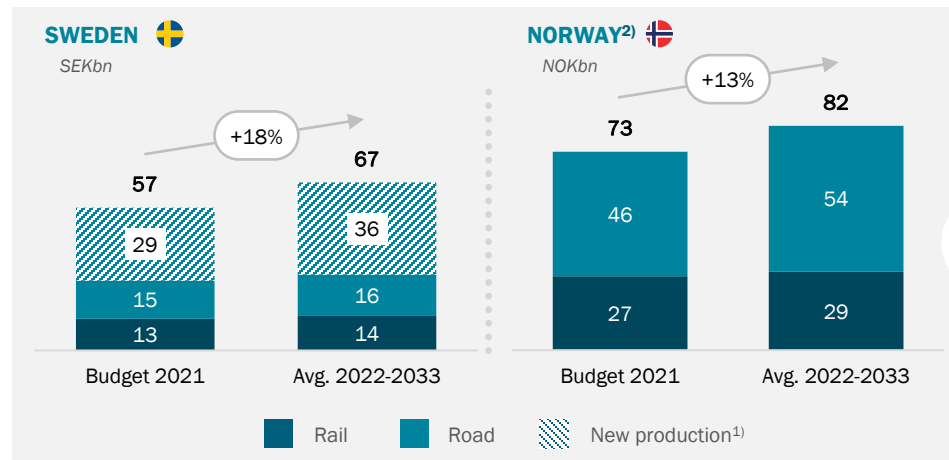
## 1 Investments in transport infrastructure

- Sweden is expected to increase its budget for rail and road investments to a total of SEK 799bn between 2022-2033
  - Corresponds to an annual average of SEK 67bn, which is an 18% increase from the budget for 2021
- Norway is expected to make annual investments into road and railroad infrastructure during the period 2022-2033 exceeding the budget in 2021
  - The financial framework for transport investments amounts to NOK 1,200bn, which is a significant increase from the framework of NOK 900bn during 2018-2029

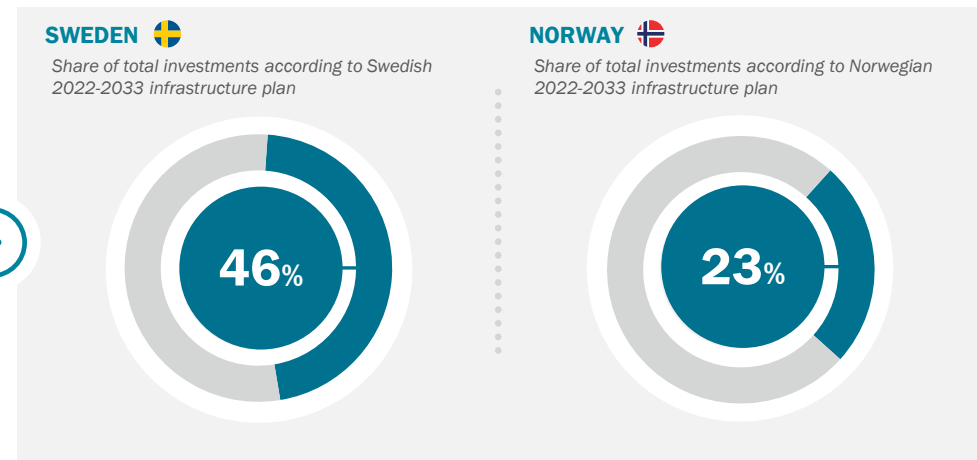
## 2 Ageing transport infrastructure

- A significant part of both the Swedish and Norwegian budget is dedicated to the maintenance of existing rail and road infrastructure
- Maintenance investments in transport are expected to be stable in the coming years, partly due to the large amount of ageing railways and roads in both Norway and Sweden
- Redevelopment and maintenance of current systems creates an equally beneficial opportunity for Nordisk Bergteknik to provide its services as new construction

### Investments in infrastructure



### Maintenance investments



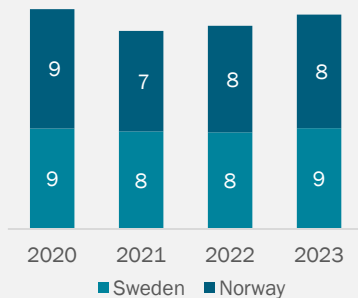
# URBANISATION AND SUSTAINABILITY DRIVE DEMAND FOR NORDISK BERGTEKNIK'S SOLUTIONS

## 3 Efforts being taken to urbanise buildings and infrastructure

- An increasing share of the Swedish and Norwegian population is moving to urban areas, resulting in housing shortages
- These shortages have generated a strong boost in the building of residential properties, which in its turn is not only driving construction, but also the expansion of electricity and water networks
- Furthermore, older buildings in urban areas often need foundation reinforcements such as piling

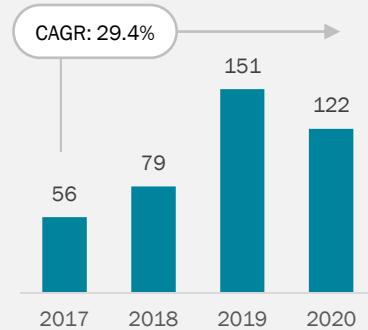
### New residential construction

**SWEDEN AND NORWAY**   
Forecast, EURbn



### Piling to reinforce old buildings

**SWEDEN**   
Thousands of meters, poles

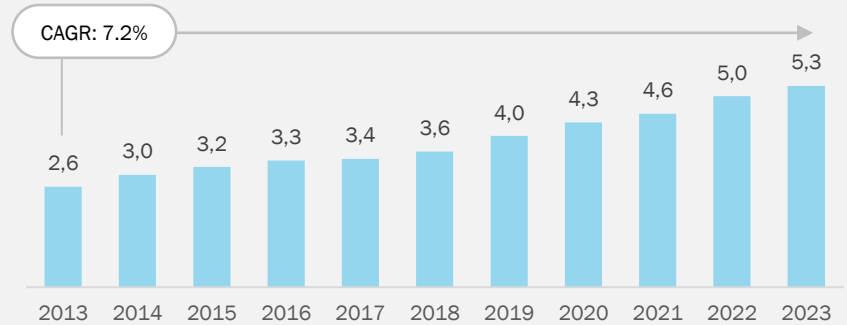


## 4 Renewable energy capacity to be expanded

- Over 50% of global power generation is expected to come from renewable energy sources in 2035
- The switch from fossil fuels and gas to renewable sources will undoubtedly spur the construction of, among others, hydro dams and wind turbines
- In Sweden the number of wind turbines has steadily increased over the past years

### Number of wind turbines

**SWEDEN**   
Thousands of wind turbines





# SWEDEN IS AN IMPORTANT MINER IN THE EUROPEAN UNION



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## 5 Sweden is the European leader in mining iron ore

- Swedish mines extract a substantial share of the iron, zinc, lead, silver and copper mined in the European Union
- These metals are critical input materials in e.g. heavy industries and manufacturing of electronics and domestic goods
- The demand for iron ore in Sweden traditionally determines whether it is suitable to start a new mine
- Nordisk Bergteknik provides services highly critical to mining

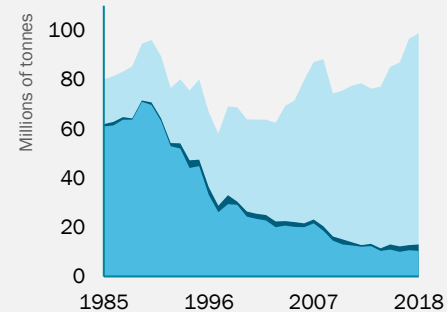
## 6 Supply of rock originated material for all purposes

- Crushed bedrock is an attractive commodity used for e.g. roads and other concrete constructions  
In 2017, crushed bedrock accounted for 84% of total deliveries of ballast in Norway  
The corresponding figure for Sweden was 87%
- Crushed bedrock is a natural substitute for sand and gravel, whose extraction is restricted
- Norway has a limited supply of sand and gravel

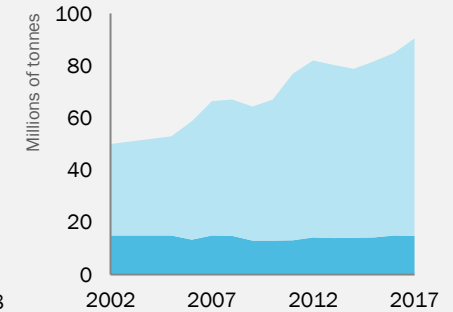


## Deliveries of aggregated ballast

### SWEDEN 🇸🇪



### NORWAY 🇳🇴



■ Crushed bedrock ■ Till ■ Sand and gravel ■ Sand and gravel ■ Crushed bedrock

# LONG-LASTING RELATIONSHIP WITH LARGE CUSTOMERS



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## Diversified customer base

### Customer groups

#### Construction companies and contractors



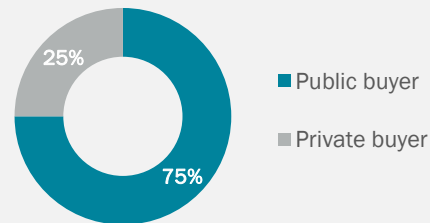
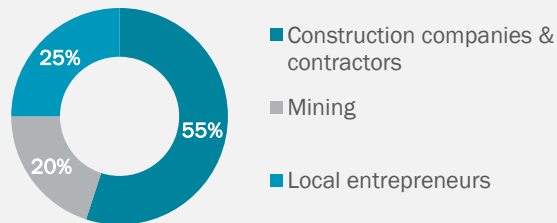
#### Mining



#### Local entrepreneurs



### Customer split



## Strong relationships with well-known customers

- Nordisk Bergteknik has long standing relationships, dating back almost 15 years in some cases, with well-known customers such as LKAB and Peab
- Relationships function as long-term contracts

### Benefits from long term relationships:



First choice access to projects



Access to local markets both in terms of size and in terms of date/time for the actual project execution



Opportunities for long term planning of resources as well as short term flexibility





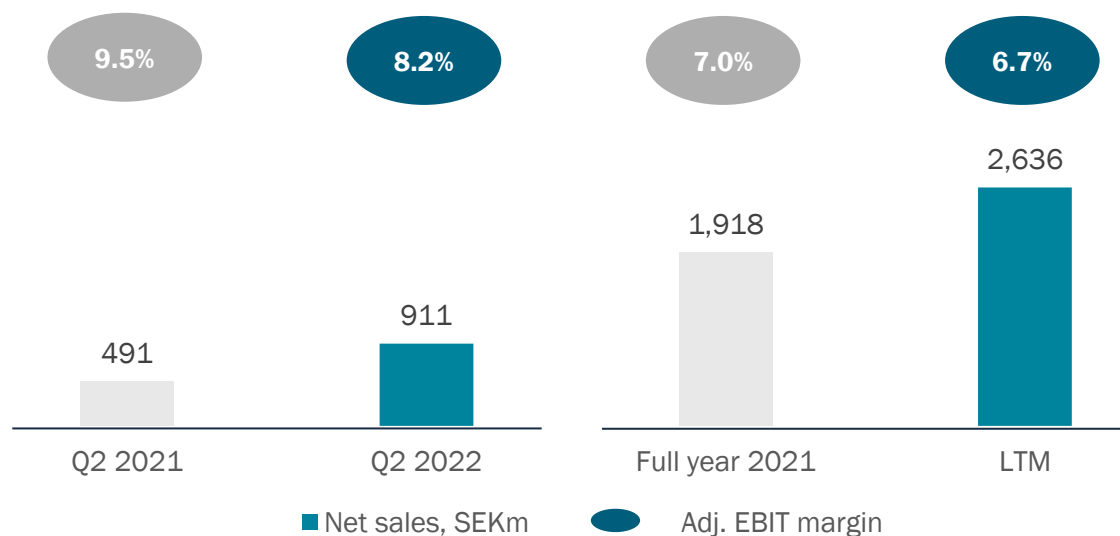
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# Interim Report Q2

“Continued strong organic growth within all segments”



# CONTINUED STRONG ORGANIC GROWTH IN Q2



SEKm	Q2 2022	Q2 2021	Q1-Q2 2022	Q1-Q2 2021	LTM
<b>Net sales</b>	<b>911.4</b>	<b>490.5</b>	<b>1,543.4</b>	<b>824.8</b>	<b>2,636.1</b>
<b>EBITDA</b>	<b>135.9</b>	<b>71.9</b>	<b>208.1</b>	<b>112.5</b>	<b>360.4</b>
<i>EBITDA margin</i>	14.9%	14.7%	13.5%	13.6%	13.7%
<b>Adj. EBITDA</b>	<b>137.2</b>	<b>82.3</b>	<b>210.8</b>	<b>119.4</b>	<b>371.9</b>
<i>Adj. EBITDA margin</i>	15.1%	16.8%	13.7%	14.5%	14.1%
<b>EBIT</b>	<b>73.2</b>	<b>36.2</b>	<b>93.7</b>	<b>46.7</b>	<b>165.4</b>
<i>EBIT margin</i>	8.0%	7.4%	6.1%	5.7%	6.3%
<b>Adj. EBIT</b>	<b>74.5</b>	<b>46.6</b>	<b>96.4</b>	<b>53.6</b>	<b>177.0</b>
<i>Adj. EBIT margin</i>	8.2%	9.5%	6.2%	6.5%	6.7%

## Comments

### April - June

- Net sales grew by 86% to SEK 911m (490)
- Organic growth corresponded to 25%
- Adjusted EBIT margin decreased from 9.5% to 8.2% during the second quarter

### Impact from acquisitions

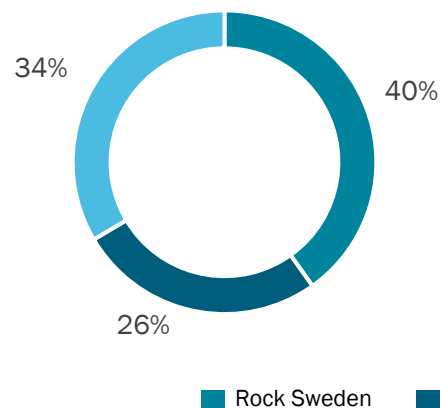
- Consolidation of three new acquisitions during the first six months, with some SEK 740m in annual sales
- If the acquisitions had been completed at the beginning of the financial year, net sales for the Group would have amounted to approximately SEK 1,760m
- Adjusted EBIT would have amounted to approximately SEK 100m and a margin of 5.7%

### Financials

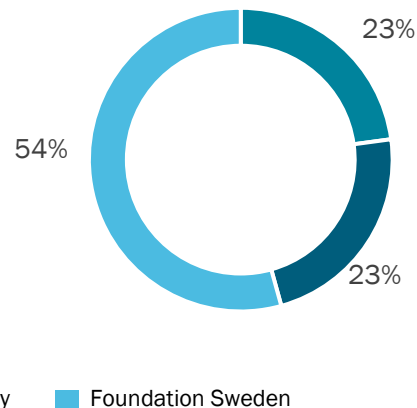
- Cash flow from operating activities amounted to SEK 2.9 (48.3) million during the first half
- Net debt/adjusted EBITDA amounted to 3.4x (4.1)
- Cash and cash equivalents at the end of the period SEK 159m (62)
- Unused credit and overdraft facilities amounts to SEK 450m

# Q2 CHARACTERISED BY GROWTH ACROSS ALL DIVISIONS

Net sales, Q2 2022



EBIT, Q2 2022



## Comments

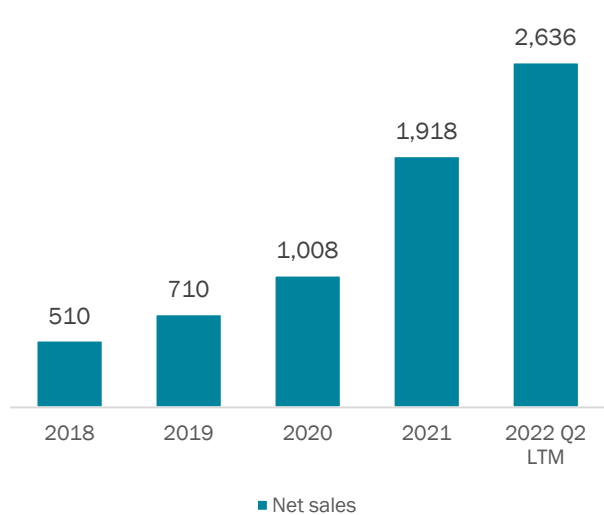
- All segments have experienced significant growth during the second quarter.
- Rock Sweden's organic growth of 19 %. Profitability for Q2 has been negatively impacted by sharply increased prices of fuel and other direct inputs compared with the comparable period. EBIT margin amounted 4.7 %.
- Strong organic growth of 34 % and earnings development in Rock Norway during Q2, primarily due to covid restriction during the comparable period now turn into more normalized market as well as impacts from actions taken. EBIT margin amounted 7.1 %.
- Foundation Sweden organically grew by 25 % in Q2 attributable to a general higher demand for services in the segment. The EBIT margin decreased to 13.5 %. During the comparable period, the segment consisted of one company, where one of the projects was large and very profitable. EBIT margin amounted 13.5 %.

SEKm	Q2 2022	Q2 2021	Q1-Q2 2022	Q1-Q2 2021	Full year 2021
Rock Sweden	366.1	232.1	674.6	419.2	888.8
Rock Norway	240.2	162.0	445.3	256.1	640.8
Foundation Sweden	305.3	96.4	423.4	149.6	387.9
<b>Net sales<sup>1)</sup></b>	<b>911.4</b>	<b>490.5</b>	<b>1,543.4</b>	<b>824.8</b>	<b>1,917.6</b>
Rock Sweden	17.6	16.6	28.2	25.1	46.6
Rock Norway	17.6	12.3	19.6	4.1	31.2
Foundation Sweden	41.8	17.5	54.1	25.5	68.1
<b>Total</b>	<b>76.9</b>	<b>46.4</b>	<b>101.9</b>	<b>54.7</b>	<b>146.0</b>
<i>Other and eliminations</i>	-3.7	-10.2	-8.2	-8.0	-27.6
<b>EBIT</b>	<b>73.2</b>	<b>36.2</b>	<b>93.7</b>	<b>46.7</b>	<b>118.4</b>

# STRONG FINANCIAL PROFILE WITH HEALTHY GROWTH AND SUSTAINABLE MARGINS

## Net sales development

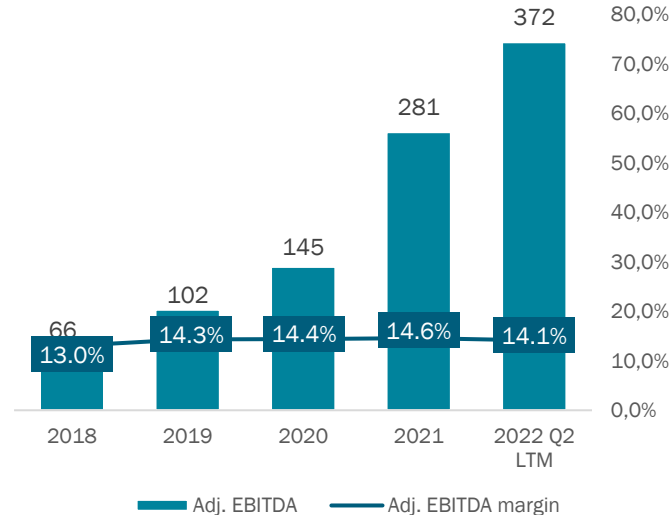
SEKm



- Strong organic growth over time as a result of Nordisk Bergteknik's capability with a large machine park and extensive in-house competences.
- Growth also driven by an active M&A agenda with several acquisitions during the last three years.

## Adjusted EBITDA development

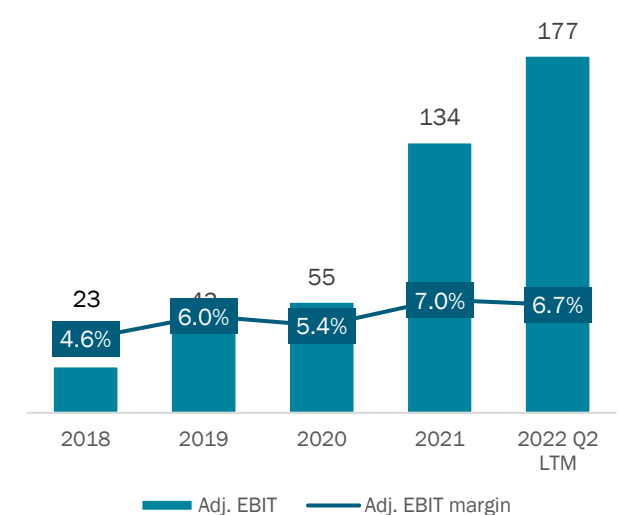
SEKm



- Strong increase in nominal EBITDA with margins stable over 14%.
- Successful integrations of acquired companies combined with operational efficiency has allowed for increased growth.
- Further potential for economies of scale and synergies over time.

## Adjusted EBIT development

SEKm



- The increase is mainly driven by an increased volume as well as completed acquisitions and several major projects in Rock Sweden and Foundation Sweden.
- Recent acquisitions have contributed with higher margin and lower relatively CAPEX needs



## Recent acquisitions

### Acquisitions consolidated during Q2 2022

	Consolidation date	Annual sales	Segment
• Infrastructure Group Nordic AB (“IGN”)	30 Apr 2022	SEK 420m	Foundation Sweden
• <i>The acquisition is Nordisk Bergteknik’s largest to date and means that Nordisk Bergteknik is significantly expanding in the Stockholm region and to some extent in parts of Northern Sweden.</i>			

### Acquisitions yet to be consolidated

	Consolidation date	Annual sales	Segment
• TSB Borrentreprenad AB (“TSB”)	Q3 2022	SEK 49m	Rock Sweden
• <i>The acquisition provides Nordisk Bergteknik with knowledge in directional drilling and increases the group's expertise and resources in drilling in general.</i>			

	Consolidation date	Annual sales	Segment
• Snemyr Betongsprøyting	Early Q4 2022	NOK 80m	Rock Norway
• <i>The acquisition complements Nordisk Bergteknik’s offering and will contribute to further strengthening Nordisk Bergteknik’s role as an important player in connection with the investments made in new infrastructure in Norway.</i>			

## Current trading

- Continued strong organic growth for the Group – high demand from a broad range of customers.
- Maintained healthy margins despite rising prices for fuel and other inputs during the quarter.
- Action taken on transferring the increased costs to the customer and renegotiating indexes in existing contracts, with positive effects in coming quarters.
- Increased our inventory in order to minimize the risk for disturbances with distribution that may occur as a result of the external business climate and ability to meet high demand, with negative impact on cash flow generation.

## M&A:s

- Active role in the continued consolidation of the industry in the Nordics.
- Three completed and two announced acquisitions so far during 2022 – adds annual net sales of almost SEK 900m with healthy margins.
- Ongoing discussions with other potential acquisition candidates.

## Strong demand and favourable trends

- Large, stable and growing market with a high proportion of end customers from the public sector.
- Continued high national demand to both maintain, refine and renew transport networks.
- The “green transition” will require a completely new and complementary type of infrastructure and urban development.

## External uncertainty

- Nordisk Bergteknik does not have any operations or direct trade with Russia, Belarus or Ukraine.
- The development of the war and its consequences on the wider world will affect, particularly through increased prices of fuel, other inputs and consumables and prolonged delivery times.
- Nordisk Bergteknik’s business model revolves around relatively short projects and a small share of fixed prices which give flexibility and sustains an organizational level of efficiency.





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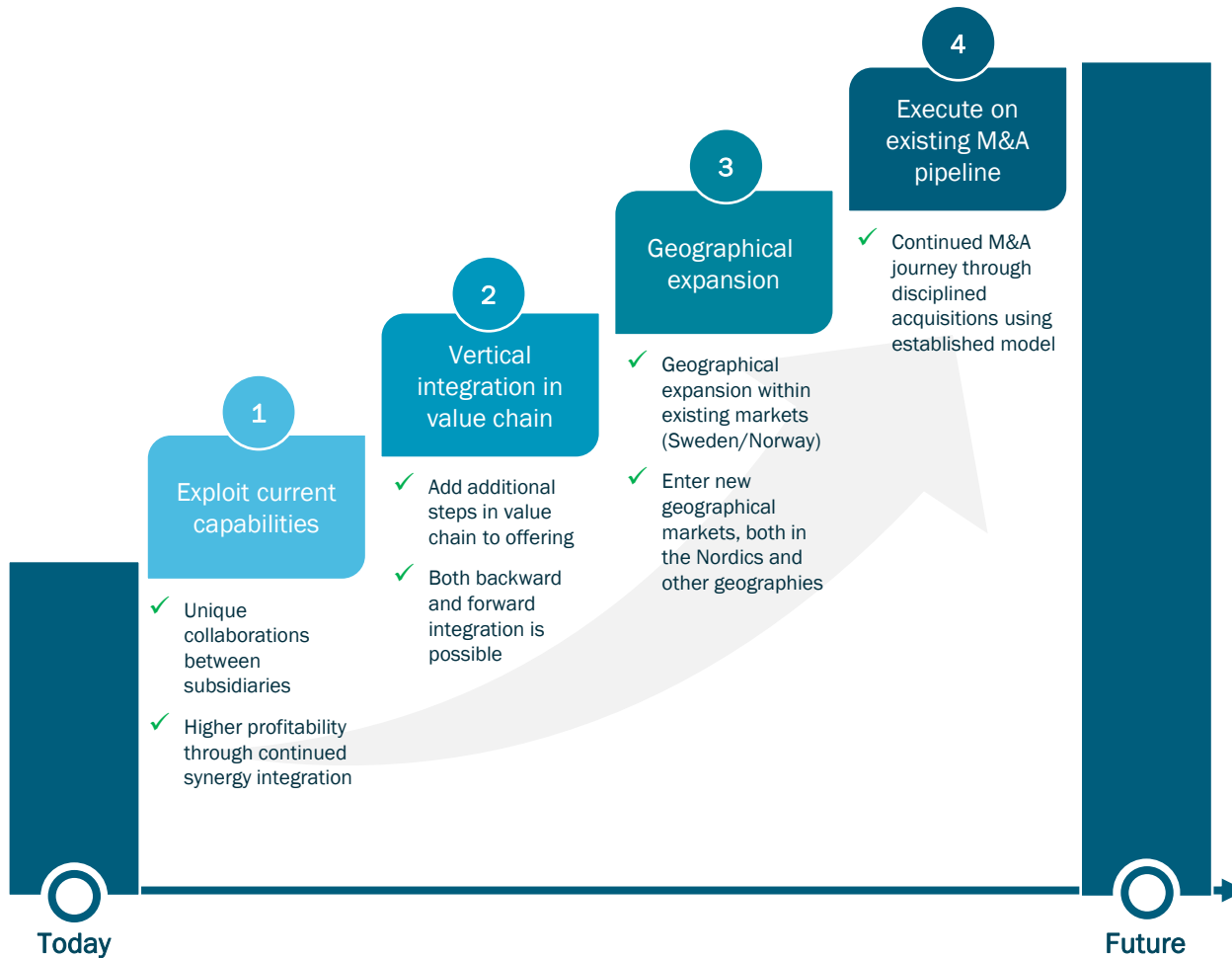
# Strategy and Financial targets



# NORDISK BERGTEKNIK IS WELL POSITIONED FOR FURTHER GROWTH



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## Comments

### Successful operations in a niche market

- Limited competition in a niche market with high barriers to entry since operations requires a high level of expertise, specialized equipment and machine capacity
- Additional upside with further materialisation of synergies and continued implementation of effectiveness initiatives

### Positive market outlook with compelling growth

- Nordisk Bergteknik operates in a niche market that has been growing in recent years
- Market growth is expected to continue growing supported by an attractive infrastructure investment pipeline over the next ten years

### Opportunity to continue building a market leader

- Leading positions in rock segment. Opportunity to reach higher market share by executing on the short term acquisition pipeline
- Additional possibilities to grow organically by realisation of synergies and implementation of optimisation initiatives

# ATTRACTIVE M&A PIPELINE AND SEVERAL ONGOING DISCUSSIONS PROVIDES OPPORTUNITIES FOR CONTINUED GROWTH

Disciplined approach to M&A...

...acquiring targets that fit with selected criteria



Cultural fit

Tangible synergies with existing business

Margins in line or above group margins

Adding strategic value to the group

**~4-5x**  
EV/EBITDA multiple  
2016 - Q2'22

Acquisitions typically financed a **combination of debt and equity** and an element of **reinvestment from company sellers**

# FINANCIAL TARGETS

<b>GROWTH</b>	<i>Achieve annual net sales growth of more than 15 percent over a business cycle. The growth should be achieved through a combination of organic growth and acquisitions</i>	<b>15%</b> Annual sales growth
<b>PROFITABILITY</b>	<i>The Group targets an adjusted EBIT-margin of 7 percent in the medium term</i>	<b>7%</b> Adj. EBIT margin
<b>CAPITAL STRUCTURE</b>	<i>The net debt in relation to adjusted EBITDA shall not exceed a ratio of 2.5x. Indebtedness can temporarily be higher, for example in connection with larger acquisitions</i>	<b>&lt;2.5x</b> Net debt/EBITDA
<b>DIVIDEND POLICY</b>	<i>Nordisk Bergteknik's target is to distribute 40 percent of the Group's consolidated net income over time, taking into consideration other factors such as M&amp;A and growth opportunities as well as financial position and cash conversion</i>	<b>40%</b> of net income





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**Q & A Session**